

## **VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

In-House Meeting of the Board of Trustees

**February 25, 2015 – 10:30 a.m.**

### **DRAFT COPY – NOT YET APPROVED BY BOARD**

#### **VMERS Members present:**

STEVEN JEFFREY, Chairperson, Employer Representative (term expiring July 1, 2016) - via telephone

PETER AMONS, Employee Representative (term expiring July 1, 2016)

ELIZABETH PEARCE, Vermont State Treasurer

#### **Board members absent:**

DAVID ROWLEE, Employee Representative (term expiring July 1, 2014)

THOMAS GOLONKA, Employer Representative (term expiring July 1, 2016)

#### **Also attending:**

Steve Wisloski, Deputy Treasurer

Matt Considine, Director of Investments

Laurie Lanphear, Director of Retirement Operations

Nick Foss, Investment Analyst

Joshua McCormick, assistant to Tina Kawecki

Daniel Gross, Fidelity Investments

Robert Roy, Fidelity Investments

Joe Cicariello, Fidelity Investments

The Chairperson, Steven Jeffrey, called the Wednesday, February 25, 2015, conference call meeting to order at 10:30 a.m., which was held in the Treasurer's Conference Room, fourth floor, 109 State Street, Montpelier, VT.

#### **ITEM 1:      Approve the minutes of**

- **December 10, 2014**
- **January 21, 2015**

**On motion by Mr. Amons, seconded by Mr. Wisloski, the Board unanimously voted by roll call to approve the minutes of December 10, 2014 and January 21, 2015, as submitted.**

#### **ITEM 2:      Legislative Update**

Mr. Wisloski gave the board an update on the legislative session. He stated a miscellaneous bill has been presented with proposed changes to it. First, A proposed change to the Municipal contribution rates. The request is for small increases by both the employee and the employer.

Second, proposed amendments to retirement statutes. The Treasurer's office received a favorable IRS determination letter for VMERS and in good stead providing amendments are

made to the following statutes – section 5063a(i) and section 5063(a)(j). Ms. Pearce stated that these amendments will have no cost impact on VSTRS.

Third, Peace Corps will now be known as AmeriCorps.

**ITEM 3: Defined Contribution Plan review by Fidelity Investments**

Mr. Gross spoke to the board about the participant revenue credit that was supposed to be executed in late 2012/early 2013, which is \$33,000 per year. This was missed by Fidelity and by the treasurer's office. Mr. Gross brought this to management and Fidelity will issue these credits to make up for the last 7 quarters. This will be approximately \$57,000 back to participants. Effective 1/1/15 and going forward, this credit will be implemented. Mr. Wisloski apologized to the board members on behalf of the treasurer's office.

Mr. Gross then spoke about the 2015 strategic planning booklet that was given to the board. There were discussions about contact and guidance utilization with breakdown of age groups. There were discussions about Plan assets, including total plan assets, a breakdown of assets by funds, total number of participants, and an overview of age demographics. Total assets as of 12/31/14 are \$20,030,367 over 527 participants. There was a discussion about setting up web based workshops. Mr. Jeffrey would like to see this implemented as he feels the treasurer's website doesn't give a lot of information.

Mr. Roy spoke about the information in the VMERS financial market review booklet that was given to the board. There were discussions about the breakdown of where participants are putting their money. Then a discussion was had about the Managed income portfolio and average balance. There were discussions about participant behavior with a chart in the booklet entitled "Breakdown chart of participant allocation to equities". This chart also showed participant behavior with an age breakdown. Fidelity Investments answered questions posed by the board. Mr. Jeffrey what are the percentage of contributions for the freedom plans versus other plans. Mr. Gross is going to follow up and find out that information.

(Ms. Pearce joined the meeting at this time)

**ITEM 4: DC Plan Fidelity target date fund choices**

Mr. Considine handed out to the board a sheet Mr. Foss made concerning target date funds lineup. This handout is a review of what funds are being used and what is available. There was a discussion about the glide path, target dates, and actual allocations. Mr. Considine is not making any recommendations to the board at this time, this handout's purpose was more for informative information. Mr. Jeffrey stated that it would be a good idea to keep reviewing this yearly, so the board doesn't lose track of this information.

(Mr. Gross, Mr. Roy, Mr. Cicariello, Mr. Considine, and Mr. Foss all left the meeting at this time)

**ITEM 5:      Retirement Budget Overview**

Ms. Pearce spoke to the board about the overview numbers for the 2016 Fiscal year budget for the municipal retirement system. The overview presented to the board, the FY 2014 actual expenses, FY 2015 Budget, and FY 2016 Budget Request. There is a 2.09% increase in the budget. The reasons for the increase are due to the new GASB 67/68 and increase of insurance costs for administrative support.

Ms. Pearce stated that on February 4<sup>th</sup>, the warranty period for VPAS ended but the treasurer's office have sent letters extending the warranty on pieces that haven't had a 1 year cycle. She then stated testing is going well and also stated that the funding is 1.8 million under budget for all three retirement systems.

**On motion by Mr. Amons, seconded by Mr. Jeffrey, the board unanimously voted by roll call to endorse the treasurer's proposal for VMERS budget fiscal year 2016.**

**ITEM 6:      Any other business to come before the board**

none

**ITEM 7:      Adjournment**

**On motion by Mr. Jeffrey, seconded by Ms. Pearce, the Board unanimously voted by roll call to adjourn at 11:41 a.m.**

**Next Meeting Date:**

None at this time.

Respectfully submitted,

Tina Kaweck  
Secretary to the Board